

# Special Health Care District IGA

September 20, 2004

Web site: [www.maricopa.gov/mihs2district](http://www.maricopa.gov/mihs2district)



## Overall Approach

- ☛ The overall theory and approach for developing the Inter-Governmental Agreements ("IGA") reflects the following assumptions:
  - ☛ Transfer should be *fair to both the District and the County*, and in the best interests of the citizens and taxpayers of Maricopa County (who are the ultimate stakeholders of both entities).
  - ☛ IGA follows the intent of the Special Health Care District ("SHCD") enabling legislation to maintain the status quo for Disproportionate Share ("DSH") payment process involving the State, the County and now the District.
  - ☛ Fair Market Value purchase price or lease rentals will be paid by the District *only* if DSH payments are received by the District and not paid to the County.
  - ☛ The District should have adequate working capital to maintain existing operations.

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## Timing of Transition

- ✍ Delivery system (and employees) will transfer effective January 1, 2005.
- ✍ Draft IGA include provisions for the delayed transfer of the Maricopa Health Plans. Minimum criteria for transfer will be identified in the IGA.
- ✍ Quarterly planning and coordination meetings concerning the Plans between District and County are specified in the IGA.

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## Assets & Liabilities

- ✍ Other than those specifically discussed in the next few slides, all assets and liabilities will transfer to the District as of the transfer date.

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## Assets: Real Property & Buildings

- ✍ All real property and buildings will be transferred to the District “as is” for no cost, subject to conditions if a "DSH-triggering event" occurs.
- ✍ All property that is owned outright by the County will be sold to the District. All property that is subject to restrictions (such as the deed restriction on the MMC campus) or debt obligations will be leased to the District.

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## Operating Restriction

- ✍ The following restriction will be placed in all deeds conveying property to the District and the Lease to Maricopa Medical Center will include the following provision:

“No abortion shall be performed at any facility under the jurisdiction of the District unless such abortion is necessary to save the life of the woman having the abortion or is otherwise required by law”

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## Assets: Equipment, Inventory, & Other Property

- ✈ All other property will be transferred to the District “as is” at no cost, subject to conditions if a "DSH-triggering event" occurs.

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## What is a "DSH Triggering Event"?

- ✈ The enabling statute requires the District to repay the County for amounts withheld by the state for DSH. The IGA is designed to ensure that the intent of the legislation is followed.
- ✈ A “DSH Triggering Event” occurs only if DSH funds that the District has received are not transferred by the District to the County (*up to the amount withheld originally by the state, but not to exceed the amount of DSH funds received by the District*).

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## What Happens if a DSH Triggering Event Occurs?

- ✍ Although the assets are being transferred for no cost, an independent appraisal is being conducted to determine the fair market value.
- ✍ If a DSH Triggering Event occurs, the actual fair market value will be due (again, up to the amount withheld originally by the state, not to exceed the amount of DSH funds received by the District).

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## Liabilities: Contract Breach

- ✍ Liabilities that result from a breach of contract that occurred prior to the transfer date will remain County liabilities, while those that result from a breach which occurred after the transfer date will be District liabilities.

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## Liabilities: Tort, Personal Injury, and Malpractice, Violations of Law

- ✍ The District will obtain coverage through the County's Self-Insured Trust Fund.
- ✍ The District may elect to leave the Self-Insured Trust Fund at the end of any coverage period.
- ✍ District will be responsible for all claims that occur on and after the Transfer Date.
- ✍ The County will be responsible for all claims that occur prior to the Transfer Date.

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## Employees

- ✍ All individuals who are employed within Maricopa Health Delivery System as of midnight 12/31/04 will automatically transfer to the District, and retain seniority, merit status, leave balances, and retirement benefits. (See previously approved Employee IGA dated 2/2/04.)

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## Purchased Services

- ✍ Health care services are generally purchased at 100% of AHCCCS rates (unless otherwise specified).
- ✍ Health Plan physician services would be purchased off of District contract.
- ✍ Other services may generally be purchased from either party at cost + 5% administration charge.

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## Work Still In Process

- ✍ Working Capital Line of Credit
- ✍ MMC Lease & Related Documents
- ✍ Creating Exhibits for IGA
- ✍ State Retirement System Approval
- ✍ Department of Health Services Approval
- ✍ Other Regulatory Approvals

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